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**Testimony of
 Permanent Commission on the Status of Women
 Submitted to the
 Labor and Public Employees Committee
 February 16, 2016**

**Re: S.B. No. 39, AN ACT CONCERNING THE MINIMUM FAIR WAGE AND
 EMPLOYEES WHO CUSTOMARILY AND REGULARLY RECEIVE GRATUITIES.
 S.B. No. 42, AN ACT CONCERNING EMPLOYEE WAGES.**

Senators Gomes and Hwang, Representatives Tercyak and Rutigliano, and distinguished members of the Labor Committee, thank you for this opportunity to provide testimony on behalf of the Permanent Commission on the Status of Women (PCSW) in support of SB 39, An Act Concerning the Minimum Fair Wage and Employees who Customarily and Regularly Receive Gratuities and SB 42, An Act Concerning Employee Wages.

**S.B. No. 39, AN ACT CONCERNING THE MINIMUM FAIR WAGE AND EMPLOYEES
 WHO CUSTOMARILY AND REGULARLY RECEIVE GRATUITIES.**

In 2014, the PCSW teamed up with the Institute for Women's Policy Research (IWPR) on a comprehensive study of women in Connecticut's workforce. Our study found that in Connecticut, half of employed women are concentrated in two broad groups of occupations, the service industry and sales and office positions, which are among the lowest-paid occupational groups for women.¹ Moreover, black and Hispanic women are much more likely than white women to work in service occupations.² Women of color also face a larger gender wage gap³ (the result of both gender and race discrimination), thus consequently, a large segment of our population, many of whom are female heads-of-household or primary bread winners in dual-earner families, finds themselves earning wages far below what is needed to be economically self-sufficient in Connecticut.

Tipped restaurant workers are paid a "sub-minimum wage" which means that they are only guaranteed a base wage of \$5.78/hour – far less than the minimum wage – with the expectation that the difference will be made up in tips. If the worker does not receive sufficient tips in the workweek to meet minimum wage, then the employer is required to make up the difference. According to the Shriver Report, tipped workers

¹ The Status of Women in Connecticut's Workforce. PCSW and Institute for Women's Policy Research, November, 2014.

² Ibid.

³ Ibid.

are predominantly women, accounting for 70% of tipped workers nationally.⁴ The majority are at least 25, and over one in four are at least 40 years of age.⁵

Furthermore, low pay and dependence on tips makes a woman three times as likely to live in poverty as the rest of the U.S. workforce and is more likely than in other industries to be subjected to verbal and physical harassment.⁶

Tipped wages are unpredictable and arguably have less to do with the quality of service and more to do with the weather during a worker's shift or the price-point of the restaurant. However, household expenses at best are constant, but as we all know, usually increase. As women's contributions to family income increases – employed women in dual-earner couples contribute an average of 42.4% to the annual family income⁷ – it becomes essential to a family's economic security for the co-breadwinner to have a stable source of income. PCSW supports the creation of a single minimum wage for all workers, rather than the existing sub-minimum wage that exists for tipped workers. This change would place a family's economic security and well-being back in the hands of the server, rather than at the mercy of the customer or the weather.

S.B. No. 42, AN ACT CONCERNING EMPLOYEE WAGES.

This bill calls for the Labor Commissioner to develop a program to evaluate employee wages in Connecticut. The PCSW welcomes any opportunity to conduct an in-depth evaluation of wages, especially in relation to gender and race. The 2014 PCSW/IWPR study of women in Connecticut's workforce revealed that women in our state have made great strides in many areas, but pay equity is not one of them. On average, women in Connecticut make 78 cents for every male dollar, slightly worse than the national average of 78.6%. For women of color, who experience both gender and race discrimination, the gap is even worse – black women and Hispanic women in Connecticut make 60.3% and 46.6%, respectively, of the white male dollar. We also know that women make less than men within several of the U. S. Census Bureau's occupational classifications from Physicians and Surgeons to Retails Salespersons, to Accountants and Auditors and many others.⁸

What is much more difficult to document and understand is specifically why the gender wage gap still exists. We do have a general understanding of key contributors to the gender wage gap, which have been studied at length and widely reported. What we know very little about is what is happening within private sector employers that allows the gap to persist. For example, in 2014, in Great Britain, the consulting firm PricewaterhouseCoopers conducted a voluntary internal wage audit and publicly released its results. The analysis showed a pay disparity of 15.1% (which was better than Britain's overall pay gap of 19%). But more importantly, the audit revealed that the company had a lack of women in senior level positions, which caused the company to address fairness within its promotional practices. Within one year, the percentage of women promoted to partner had more than doubled. Furthermore, the audit found that the company favored men in awarding bonuses. They were able to drill down into their practices and understand reasons this was happening and rectify the situation.⁹ The point is that most companies have

⁴ Tipped Over the Edge: Women in the U.S. Restaurant Industry. The Shriver Report, January 2014.

⁵ Twenty-three Years and Still Waiting for Change: Why It's Time to Give Tipped Workers the Regular Minimum Wage. Economic Policy Institute, July 10, 2014.

⁶ Tipped Over the Edge: Women in the U.S. Restaurant Industry. The Shriver Report, January 2014.

⁷ U.S. Congress Joint Economic Committee. Expanding Access to Paid Sick Leave, March 2010.

⁸ The Status of Women in Connecticut's Workforce, PCSW and Institute for Women's Policy Research, November 2014.

⁹ Lipman, Joanne. Let's Expose the Gender Pay Gap. The New York Times, August 13, 2015. http://www.nytimes.com/2015/08/13/opinion/lets-expose-the-gender-pay-gap.html?_r=0

good intentions and do not purposefully discriminate against women in wages. It is highly likely that in most cases, wage disparities exist due to long standing practices and policies reflecting unintentional biases. If more companies voluntarily chose to look inward, perhaps we might be able to move the needle on wage disparity more quickly than we are now.

The PCSW supports any effort that takes steps to lessen – and eventually close – the gender-based wage gap. We recommend that any program developed to evaluate wages should include at the very least a voluntary option for private sector companies to conduct internal wage audits and be required to report the findings of such audits.

Thank you for the opportunity to submit this testimony and for considering these issues of great importance to Connecticut's working women.